

Message Text

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ORIGIN STR-07

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TO USMISSION GENEVA

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US MTN

E.O. 11652: N/A

TAGS: ETRD, EAGR

SUBJECT: FRUIT AND VEGETABLE ATAC MEETING, MARCH 28, 1978

1. SUMMARY: ON MARCH 28 THE FRUIT AND VEGETABLE ATAC MET TO REVIEW PROGRESS IN THE MTN, TO CONSIDER U.S. OFFERS TABLED JANUARY 23, AND TO DISCUSS OFFERS TO BE TABLED IN RESPONSE TO FOREIGN REQUESTS RECEIVED SINCE DECEMBER 15. THERE WAS ALSO SOME DISCUSSION OF THE CANADIAN TARIFF BOARD PROPOSALS ON FRUIT AND VEGETABLES. END SUMMARY.

2. THE FRUIT AND VEGETABLE ATAC, CHAIRED BY DON RUBEL, MET IN A LENGTHY AND LIVELY SESSION ON MARCH 28. FOLLOWING
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CONSIDERATION OF THE LAST MEETINGS' MINUTES
TURNER OYLOE, ACTING ASSISTANT ADMINISTRATOR, INTERNATIONAL TRADE POLICY, FAS, REPORTED ON THE STATUS OF THE MTN IN AGRICULTURE. ATAC MEMBERS WERE GREATLY CONCERNED ABOUT THE MAGNITUDE OF THE U.S. OFFER TO DATE (ESTIMATED AT \$2.9 BILLION, WITH "SENSITIVE" OFFERS VALUED AT \$1.6 BILLION), PARTICULARLY IN VIEW OF THE LIMITED RESPONSES RECEIVED ON

U.S. REQUESTS. THE MAGNITUDE AND QUALITY OF RESPONSES TO U.S. AGRICULTURAL REQUESTS WERE DISCUSSED FOR CANADA, THE EC, JAPAN, NEW ZEALAND, SWITZERLAND, AND THE NORDICS. THE ATAC EXPRESSED ALARM AT THE LIMITED NATURE OF THESE

RESPONSES AND INITIATED DISCUSSION ON A POTENTIAL LIST OF "WITHDRAWALS." STR PARTICIPANTS IN THE MEETING SUGGESTED THAT SUCH ACTION MIGHT BE PREMATURE AND REMINDED THE ATAC MEMBERS THAT "HARD BARGAINING" WAS UNDERWAY IN GENEVA TO PERSUADE OTHER COUNTRIES TO BE MORE RECEPTIVE TO OUR REQUESTS.

3. THE MEETING THEN TURNED TO A REVIEW OF THE U.S. FRUIT AND VEGETABLE OFFERS TABLED JANUARY 23, AND A DISCUSSION OF OUTSTANDING REQUESTS. THEY EXPRESSED SKEPTICISM WHEN ASSURED THAT THEIR RECOMMENDATIONS HAD BEEN, AND WOULD CONTINUE TO BE, CONSIDERED IN THE FORMULATION OF OFFERS. MOST MEMBERS WERE GREATLY CONCERNED WITH POTENTIAL U.S. RESPONSES TO OUTSTANDING REQUESTS, ESPECIALLY THOSE FROM MEXICO. A RESOLUTION WAS PROPOSED, ACCEPTED BY THE MAJORITY, AND SUBSEQUENTLY SET ASIDE -- NOT TO MAKE ANY OFFERS TO MEXICO -- GIVEN MEXICO'S RESTRICTIVE IMPORT PROGRAMS, THEIR EXPANDING PENETRATION OF THE U.S. FRUIT AND VEGETABLE MARKET, THE ABSENCE OF A MEXICAN OFFER, AND MEXICO'S NON-GATT STATUS.

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4. STR AND FAS PARTICIPANTS REITERATED THE GUIDELINES FOR FORMULATING OFFERS (PRINCIPAL SUPPLIER CRITERION, CONDITIONALITY, STATUS OF PREVIOUS TROPICAL PRODUCT OFFERS, AND THE INTERAGENCY PROCESS). HAVING RECORDED THEIR OVERALL POSITION VIS-A-VIS OFFERS TO MEXICO, THE ATAC THEN DISCUSSED THEIR PRIORITIES ON A LINE-ITEM BASIS. THEY VOICED MAJOR OPPOSITION TO OFFERS ON WINTER VEGETABLES, ONION, FRESH AND PROCESSED PINEAPPLE, STRAWBERRIES, PROCESSED POTATOES, ALL MELONS, CITRUS AND CITRUS JUICE ITEMS.

5. THE MEETING ENDED WITH DISCUSSION OF THE CANADIAN TARIFF BOARD PROPOSALS ON FRUIT AND VEGETABLES. THE FIVE BASIC TYPES OF PROTECTION BEING CONSIDERED BY THE BOARD WERE DISCUSSED, AS WELL AS THEIR IMPLICATIONS FOR U.S.-CANADIAN TRADE. FAS PARTICIPANTS EXPLAINED THAT WHILE THE NET EFFECT OF THE PROPOSALS, IF IMPLEMENTED, WOULD BE TO THE DETRIMENT OF U.S. EXPORT INTERESTS, PRELIMINARY INDICATIONS ARE THAT THE PROPOSALS WOULD HAVE A FAVORABLE IMPACT ON TRADE VALUED AT APPROXIMATELY \$82 MILLION IN THE FRESH FRUIT AND VEGETABLE SECTOR, WITH ADVERSE IMPACT ON TRADE VALUED AT APPROXIMATELY \$216 MILLION. FAS PARTICIPANTS AND ATAC MEMBERS WERE PARTICULARLY CONCERNED WITH

THE IMPACT ON SENSITIVE EXPORT ITEMS, INCLUDING FRESH POTATOES, CANNED FRUITS AND VEGETABLES, ASPARAGUS, SWEET CHERRIES AND LETTUCE. FAS PARTICIPANTS THEN EXPLAINED THEIR FORTHCOMING PROPOSAL TO THE TPSC FOR THE U.S. NEGOTIATORS TO URGE CANADIAN MODIFICATION OF PROPOSALS, PARTICULARLY IN THE SENSITIVE PRODUCTS LISTED ABOVE, AND BRIEFLY DISCUSSED COMPENSATION UNDER GATT ARTICLE XXVIII. VANCE

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